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CENTRAL INTELLIGENCE AGENCY

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Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
3 November 1965

PREPARED FOR THE NATIONAL SECURITY COUNCIL
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HIGHLIGHTS

In South Vietnam the intensity of Viet Cong military operations increased sharply during the period 23-30 October with both Viet Cong and ARVN casualties mounting to new highs. Despite this increased activity government forces are killing over three times as many Viet Cong as the ARVN are losing.

I. The Military Situation in South Vietnam: An estimated Viet Cong company last night attacked a village outpost defended by one Regional Forces company and one PAT (civic action) platoon in Quang Ngai Province; a strong reaction by ARVN relief forces, with naval gunfire and tactical air support, inflicted significant casualties on the attackers, ultimately forcing their withdrawal (Para. 1). Eighteen USAF B-52 Stratofortresses last night launched the second attack in 48 hours against a suspected Viet Cong base camp in Tay Ninh Province, 30 miles northwest of Saigon (Para. 2). According to MACV's Weekly Military Report for 23-30 October, while the scale of Communist-initiated activity declined slightly from 811 to 782 incidents, the intensity of Viet Cong military operations increased sharply, as reflected by the rising number of armed attacks and ambushes (14), and by the heavy personnel and weapons losses sustained by both sides (Paras. 4-6). The current status of South Vietnam's major transportation routes and the coastal railway has been reported (Para. 7). MACV has reported a major repositioning of Viet Cong/PAVN units in South Vietnam's II Corps area (Para. 8). ARVN, Viet Cong, and US casualties and weapons losses sustained during 23-30 October have been received from MACV (Paras. 9-11).

II. Political Developments in South Vietnam:

The US Mission has assessed both the assets and weaknesses of the Ky government after its first four months in office (Paras. 1-2). Retail prices of locally produced products, except rice, continued to rise last week, and the rate of the piaster also weakened in terms of the dollar (Para. 3).

III. Military Developments in North Vietnam:
Nothing of significance to report.

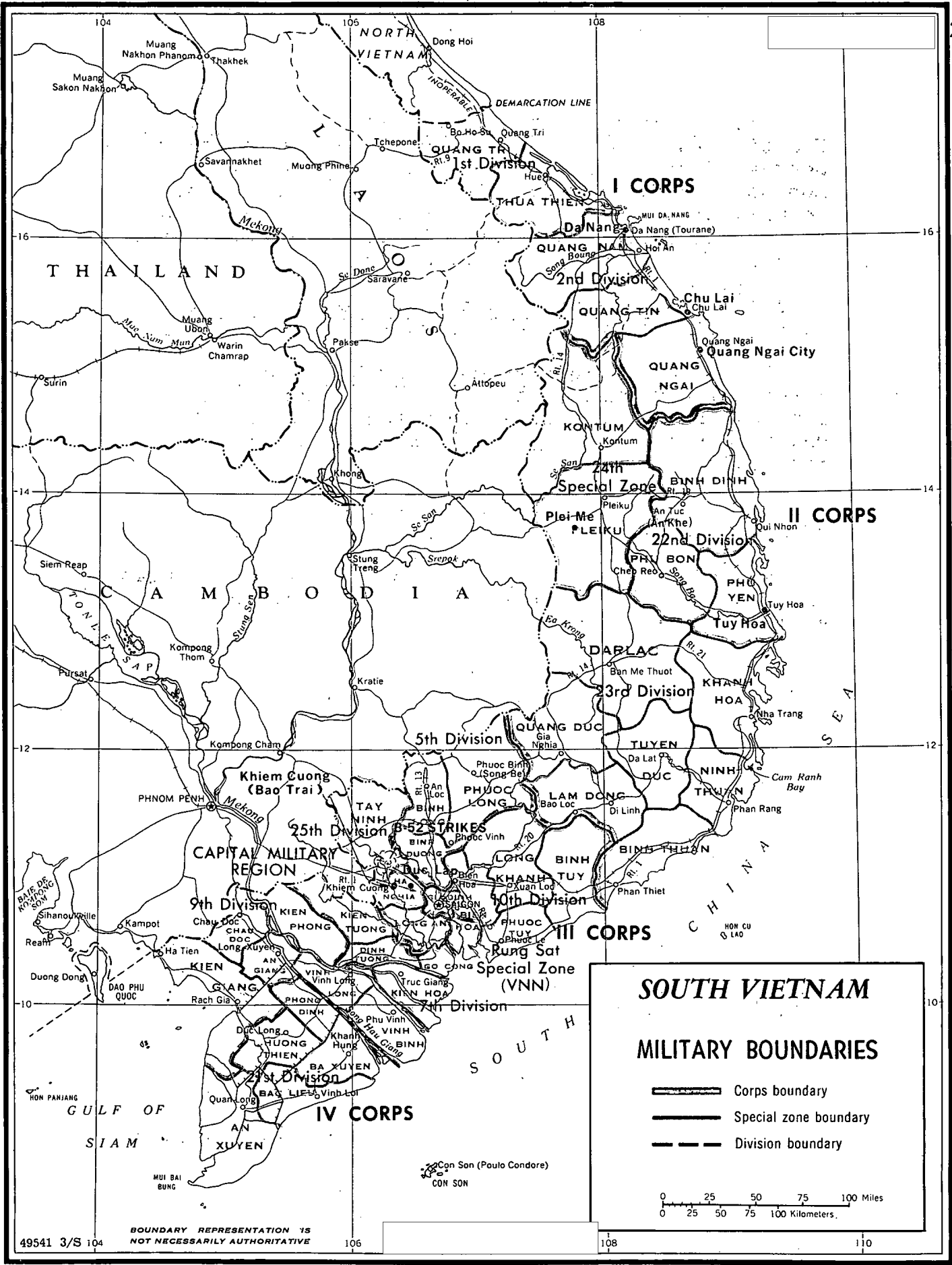
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V. Communist Political Developments: Nothing of significance to report.

VI. Other Major Aspects: North Vietnam is planning to increase significantly imports of motor vehicles (Para. 1).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. An estimated Viet Cong company last night attacked a village outpost manned by one Regional Forces company and one PAT (civic action) platoon near the provincial capital of Quang Ngai, but failed to overrun it. According to preliminary ARVN reports, six defenders were killed, five wounded, one missing, and nine weapons seized. An ARVN reaction force of one reconnaissance company, supported by naval gunfire from elements of a Vietnamese junk division and tactical air strikes, was dispatched to the scene, ultimately forcing the withdrawal of the attackers. In a sweep of the battlefield, 25 Viet Cong bodies were discovered, while an additional estimated 35 guerrillas were believed to have been killed (by air attack) and carried away.

2. Eighteen Guam-based USAF B-52 Stratofortresses last night launched the second attack in 48 hours against a suspected Viet Cong base camp in Tay Ninh Province, 30 miles northwest of Saigon. Bomb damage assessment reports are not yet available. No ground follow-up actions were planned.

3. Press reports state that South Vietnamese forces seized hundreds of pounds of ammunition, explosives, and equipment from a Viet Cong sampan last night 80 miles southwest of Saigon. The floating arsenal reportedly contained eight land mines, 12 cases of machine gun ammunition, 267 hand grenades, nine bangalore torpedoes, and miscellaneous other explosives and equipment.

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4. According to MACV's Weekly Military Report for the period 23-30 October, the scale of Communist-initiated activity declined slightly from 811 to 782 incidents, while the intensity of Viet Cong military operations increased sharply. The number of enemy armed attacks and ambushes increased from nine to 14, including an extended siege by two VC/PAVN regiments of the Vietnamese Special Forces camp at Plei Me in Pleiku Province; regimental-strength actions against ARVN-protected rice harvesting activities near Tuy Hoa in Phu Yen Province; a reinforced two-battalion attack against an ARVN outpost at Duc Lap in Hau Nghia Province, and the simultaneous mortaring of the provincial capital of Bao Trai; and a battalion-sized assault against USMC defensive positions near Da Nang. In addition, the Viet Cong scored a major psychological/propaganda victory, during the night of 26-27 October, when guerrilla mortar and demolition teams effected a limited penetration of two US Marine airfields at Da Nang and a third at Chu Lai, destroying or damaging 62 US aircraft.

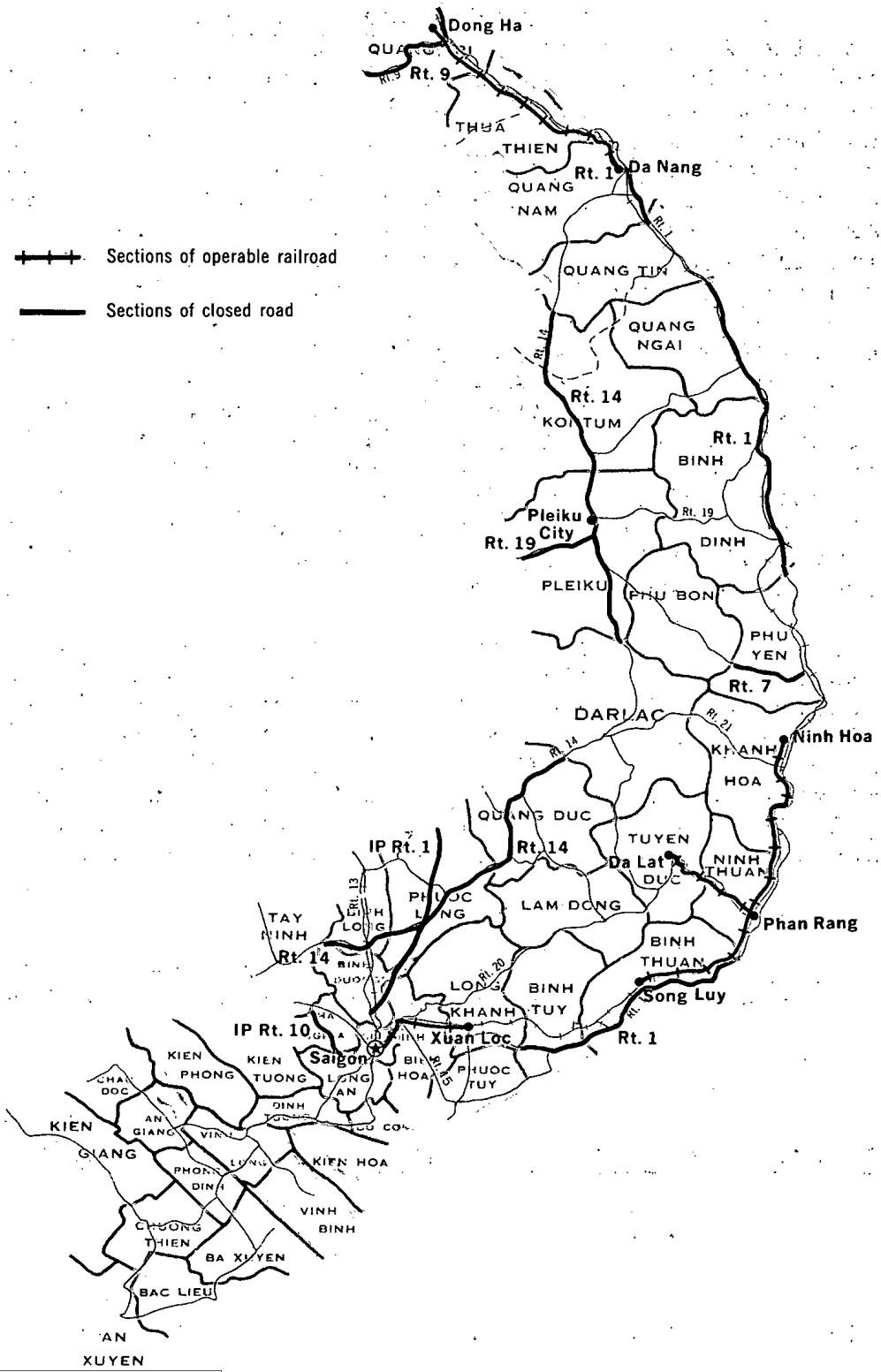
5. As a result of heavy fighting, mostly in a battle zone stretching from Phu Yen Province west to Pleiku and north to Thua Thien, personnel and weapons losses on both sides increased markedly. Friendly casualties rose to 1,338 (1,199 ARVN, 139 US), the highest weekly total since early June 1965. Viet Cong casualties were roughly the same (1,397); however, the kill ratio continued to favor the government by approximately 3.2 to 1.

6. A statistical comparison of last week's guerrilla activity with that of the previous week follows:

<u>Time Period</u>	<u>Attacks</u>	<u>Terrorism</u>	<u>Sabotage</u>	<u>Propaganda</u>	<u>Anti-Aircraft</u>	<u>Total Incidents</u>
16-23 Oct	9	444	99	51	208	811
23-30 Oct	14	446	105	43	174	782

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CURRENT STATUS OF MAJOR TRANSPORTATION ROUTES AND THE COASTAL RAILROAD



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7. Meanwhile, Viet Cong interdiction of South Vietnam's major transportation routes and the coastal railway continued unabated. As of 30 October, National Route 1 was closed in Quang Nam, Quang Ngai, Binh Dinh, Binh Thuan, and Binh Tuy Provinces; Route 9 was closed in Quang Tri Province; Route 14 was closed in Kontum, Pleiku, Quang Duc, Phuoc Long, and Binh Long Provinces; Route 7 was closed in Phu Yen Province; Interprovincial Route 1 was closed in Binh Long and Phuoc Long Provinces; and Interprovincial Route 10 was closed in Hau Nghia Province. The coastal railroad was operational from Saigon to Xuan Loc (Long Khanh Province); from Song Loy (Binh Thuan Province) to Ninh Hoa (Khanh Hoa Province); from the mountain resort of Dalat (Tuyen Duc Province) to Phan Rang (Ninh Thuan Province); and from Da Nang to Dong Ha (Quang Tri Province).

8. MACV has concluded that the 32nd PAVN Regiment was involved in the siege at Plei Me, principally in the ambush of the multibattalion ARVN relief column on 23 October. In addition, the Viet Cong force which repeatedly attacked ARVN units in Phu Yen Province reportedly contained elements of the 95th PAVN Regiment. A major repositioning of Viet Cong units in the II Corps area has apparently occurred. The 18th and 95th PAVN Regiments, which have traditionally operated in the central highlands, have now moved to the rice-producing coastal areas, while the 101st PAVN Regiment has reportedly moved south into the III Corps area.

9. ARVN casualties during the period 23-30 October totaled 1,199 (363 KIA, 773, WIA, and 63 MIA/captured), almost double the previous week's total of 682 casualties (143 KIA, 474 WIA, and 65 MIA/captured). ARVN weapons losses tripled to 317 (13 crew-served) from the 107 weapons (one crew-served) reported lost last week.

10. During 23-30 October, the Viet Cong sustained 1,397 known casualties (1,264 KIA and 133 captured), a significant increase in comparison with the previous week's total of 868 casualties (761 KIA

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and 107 captured). Government forces captured 358 weapons (12 crew-served) in contrast to the 266 weapons (16 crew-served) seized last week.

11. US battle casualties processed at the close of the 23-30 October MACV reporting period totaled 139 (23 KIA, 114 WIA, and 2 MIA/captured), a slight increase from the previous week's corrected casualty total of 118 (13 KIA, 92 WIA, and 13 MIA/captured). American nonbattle casualties numbered ten (nine deaths and one injury); last week's corrected total in this category was 30 (14 deaths and 16 injuries).

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. In observing that the Ky government has now been in office slightly over four months, the US Embassy comments that South Vietnam's political and administrative fabric is still weak even though the over-all situation--political and military--is better than in early 1965. On the debit side, complex problems, particularly in the economic sphere, are providing the government's political enemies a "safe" weapon with which to browbeat the regime. This in turn is producing internal strains in the cabinet, where there are already other pressures for a further ministerial reshuffle. There is also some grumbling in the military establishment, adding smoke if not substance to the recent rash of coup rumors. Unless and until the government can generate some momentum and successfully cope with its serious problems, these strains and rumors tend to encourage Vietnamese to look for quick change rather than slow progress as a solution.

2. On the more positive side, the embassy believes that Ky and members of his government are well aware of the enormity of their problems. Ky, at least outwardly, shows no sign of slackening his determination, and appears responsive to the need to confront and win over his critics, both by persuasion and by action. The embassy feels that he has scored some successes, and that he retains the healthy respect of his rivals. Essentially, however, the embassy believes that unity among the top ten generals on the military Directorate remains the key to governmental stability, a fact of which Ky seems well aware.

3. The US Mission reported on 2 November that retail prices of locally produced goods continued to rise last week, increasing by three percent over the previous week. The price of rice, however, showed some decline, with additional prospect of imports and deliveries, even though government stocks have declined. Gold and dollar prices of the piaster, after declining last week, rose again with the dollar selling at 166 piasters and the rate in Hongkong at an apparent all-time high.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

- 1. There is nothing of significance to report.**

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. There is nothing of significance to report.

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VI. OTHER MAJOR ASPECTS

1. It appears that North Vietnam is planning to import significantly more motor vehicles in 1966 than in past years. The DRV will receive over 2,700 vehicles--trucks, jeeps, and special purpose equipment--from the USSR next year to beef up its estimated 10,000 to 12,000 motor vehicle park. Hanoi is also seeking trucks and passenger cars for 1966 delivery from Hungary, Poland, and Czechoslovakia. In addition, large numbers of Chinese trucks have reportedly been imported by North Vietnam this year. Although trade data is fragmentary it appears likely that these sizable deliveries will be continued next year.

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